



Patrick W. Henning, Director
October 6, 2008
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Arnold Schwarzenegger
Governor

Mr. Jason Buckingham, Executive Director
Golden Sierra Job Training Agency
11549 "F" Avenue
Auburn, CA 95603

Dear Mr. Buckingham:

WORKFORCE INVESTMENT ACT
FISCAL AND PROCUREMENT REVIEW
FINAL MONITORING REPORT
PROGRAM YEAR 2007-08

This is to inform you of the results of our review for Program Year (PY) 2007-08 of the Golden Sierra Job Training Agency's (Golden Sierra) Workforce Investment Act (WIA) grant financial management and procurement systems. This review was conducted by Ms. Carol Hammond from June 9, 2008, through June 13, 2008. For the fiscal portion of the review, we focused on the following areas: fiscal policies and procedures, accounting system, reporting, program income, expenditures, internal control, allowable costs, cash management, cost allocation, indirect costs, fiscal monitoring of subrecipients, single audit and audit resolution policies and procedures for its subrecipients and written internal management procedures. For the procurement portion of the review, we examined procurement policies and procedures, methods of procurement, procurement competition and selection of service providers, cost and price analyses, and contract terms and agreements and property management.

Our review was conducted under the authority of Section 667.410(b)(1), (2) & (3) of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by Golden Sierra with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding financial management and procurement for PY 2007-08.

We collected the information for this report through interviews with representatives of Golden Sierra, a review of applicable policies and procedures, and a review of documentation retained by Golden Sierra for a sample of expenditures and procurements for PY 2007-08.

We received your response to our draft report on September 18, 2008, and reviewed your comments and documentation before finalizing this report. Because your response adequately addressed findings 1 and 2 cited in the draft report, no further action is required at this time. However, these issues will remain open until we verify the implementation of your stated corrective action plan during a future onsite review.

Until then, these findings are assigned Corrective Action Tracking System (CATS) numbers 80164 and 80165. Because your response did not address finding 3 cited in the draft report, we consider this finding unresolved. We request that Golden Sierra provide the Compliance Review Division (CRD) with additional information to resolve the issue that led to the finding. Therefore, this finding remains open and has been assigned Corrective Action Tracking System (CATS) number 80166.

BACKGROUND

The Golden Sierra was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. For PY 2007-08, Golden Sierra was allocated: \$548,524 to serve 220 adult participants; \$543,143 to serve 94 youth participants; and \$1,026,066 to serve 280 dislocated worker participants.

For the quarter ending March 31, 2008, Golden Sierra reported the following expenditures and enrollments for its WIA programs: \$391,223 to serve 69 adult participants; \$394,424 to serve 69 youth participants; and \$436,606 to serve 80 dislocated worker participants.

FISCAL REVIEW RESULTS

We conclude that, overall, Golden Sierra is meeting applicable WIA requirements concerning financial management.

PROCUREMENT REVIEW RESULTS

While we concluded that, overall, Golden Sierra is meeting applicable WIA requirements concerning procurement, we noted instances of noncompliance in the following areas: competitive youth services procurement, contract provisions and inventory. The findings that we identified in these areas, our recommendations, and Golden Sierra's proposed resolution of the findings are specified below.

FINDING 1

Requirement: WIA §123 states, in part, that the local board shall identify eligible providers of youth activities by awarding grants or contracts on a competitive basis.

WIA §129 states, in part, that the use of funds for youth activities are to provide eligible youth with assistance to achieve academic and employment success; effective activities to improve educational and skill competencies; and provide effective connections to employers. The youth program shall provide ten specified elements.

20 CFR §410 (a) states, in part, that local program's must make the following services available to youth participants:

- 1) Tutoring, study skills and instruction leading to completion of secondary school;
- 2) Alternative secondary school services;
- 3) Summer employment opportunities linked to academic and occupational learning;
- 4) Paid and unpaid work experiences, including internships and job shadowing;
- 5) Occupational skill training;
- 6) Leadership development opportunities, including community service during non-school hours;
- 7) Supportive services;
- 8) Adult mentoring during participation and for a subsequent period not less than 12 months;
- 9) Follow-up services for not less than 12 months after completion of participation; and
- 10) Comprehensive guidance and counseling, which may include drug and alcohol abuse counseling.

20 CFR §664.405(a)(4) states, in part, that the requirement of WIA §123 does not apply to the design framework components, such as services for intake, objective assessment and the development of an individual service strategy, when these services are provided by the grant recipient/fiscal agent.

The Golden Sierra's WIA Five-Year Plan states, in part, that the competitive process to be used to award grants and contracts for youth services will include Requests for Proposals, if deemed appropriate by the Youth Council.

Observation:

We found no documentation that Golden Sierra competitively procured youth services in accordance with WIA requirements and Golden Sierra's Five Year Plan. We confirmed that Golden Sierra, instead, is providing over half of the ten required youth program elements noted above through their internal case management process. These services include: leadership development, supportive services, adult mentoring, follow-up services, comprehensive guidance and counseling and none of them are components of Golden Sierra's design framework for

youth services. This was also a finding in the PY 2006-07 Fiscal and Procurement review.

Golden Sierra's Youth Council is currently in discussions regarding the competitive procurement of youth services. Golden Sierra estimates that its youth services procurement process should be completed by December 2008.

Implementation of youth services delivered by a prospective youth provider is anticipated to begin July 1, 2009.

Recommendation: We recommended that Golden Sierra provide CRD with a corrective action plan (CAP) and timeline stating how it will comply with the competitive youth services requirement in a more timely manner and seek to have a prospective youth service provider in place by January 1, 2009.

Golden Sierra Response: Golden Sierra created and submitted a timeline chart to identify the Request for Proposal (RFP) process. The timeline reflects the Youth Council finalizing the Draft RFP language in November 2008 and the RFP letter going out to potential providers in January 2009, with the youth service provider contract beginning in June 2009.

State Conclusion: Based upon Golden Sierra's response, we cannot resolve this issue at this time. The CAP and timeline should be sufficient to resolve this issue. We recommend that Golden Sierra provide to CRD a copy of the RFP planned for release in January 2008. This issue will remain open until Golden Sierra has successfully completed its CAP. Until then, this issue remains open and has been assigned CATS number 80164.

FINDING 2

Requirement: 29 CFR Section 97.36(i)(3) states, in part, that grantee and subgrantee contracts must contain the provision that it will be in compliance with Executive Order (EO) 11246 of September 24, 1965, entitled "Equal Employment Opportunity," (EEO) as amended by E.O. 11375 of October 13, 1967, and as supplemented in Department of Labor regulations (41 CFR chapter 60).

20 CFR Section 667.200(d) states, in part, that all WIA Title-I grant recipients and subrecipients must comply with the government-wide requirements for debarment and suspensions.

Observation: We reviewed Golden Sierra's PY 2007-08 contracts with El Dorado County and Sierra Economic Development District for Adult, Youth, Dislocated Worker and Rapid Response services and found that although the contracts contained the EEO provisions referencing EO 11246, it does not refer to amendment 11375. Additionally, Golden Sierra did not include EO12689 in their contract boilerplate under the debarment and suspension requirements for the Sierra Economic Development District.

Recommendation: We recommended that Golden Sierra provide CRD with a CAP, including a timeline, to update its subrecipient's contract provisions to include the amendments reference to EO 11246 as amended by 11375 and EO 12689.

Golden Sierra Response: Golden Sierra stated that they have initiated steps to change all WIA contract boilerplate and that all future contract language will include the amendments reference to EO 11246 as amended by 11375 and EO 12689. The language will be included in future WIA contracts.

State Conclusion: The Golden Sierra stated corrective action should be sufficient to resolve this issue. We cannot close this issue until we verify, during a future onsite visit, Golden Sierra's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 80165.

FINDING 3

Requirement: 29 CFR 97.20(b)(3) states, in part, that grantees and subgrantees must maintain effective control and accountability for all property and other assets.

WIAD03-9 states, in part, that subrecipients must maintain accurate inventory records of all equipment purchased with federal funds. All equipment should have a unique identification mark to be used for inventory purposes and a physical property inventory must be taken and reconciled with the property records at least once every two years.

Observation: We reviewed Golden Sierra's inventory records and selected 10 pieces of equipment/supplies to physically verify the location and safeguards implemented for the equipment/supplies. We were unable to locate five of the ten pieces selected, including three computers and three monitors and one printer. Additionally, while examining the items selected from the inventory, we

identified six Dell monitors and computers located in the Auburn Career Center that were not tagged with Golden Sierra's Identification labels and were not listed on the inventory record list. Finally, we observed that Golden Sierra has not completed a property inventory since April 2006 and has not updated property logs to reflect items purchased since the last inventory.

Recommendation: We recommended that Golden Sierra provide CRD with documentation demonstrating the location and use of the three computers, monitors and the printer. Additionally, we recommended that Golden Sierra provide CRD with a CAP to ensure that, in the future, Golden Sierra property management system maintains effective control over and accountability for property to ensure it is adequately safeguarded and used solely for authorized purposes. Finally, we recommended that Golden Sierra provide CRD with a CAP to ensure inventory of property is conducted at least every two years.

Golden Sierra Response: Golden Sierra states they have retained a fiscal consultant to assist with a complete inventory of the locations of supplies and equipments and to review their existing policies and procedures to ensure that complete inventories will be conducted at least every two years as required.

State Conclusion: Based on Golden Sierra's response we cannot resolve this issue at this time. Golden Sierra did not provide CRD documentation on the location and use or disposition, if applicable, of the computers, monitors and a printer. In addition, while Golden Sierra will take action to review its policy and procedures and complete an inventory, these actions have not been completed. Until Golden Sierra provides the requested documentation on the location and use of the identified equipment, and provides a copy of it's revised policy and procedure and an updated inventory, this issue remains open and has been assigned CATS number 80166.

We provide you up to 20 working days after receipt of this report to submit to the Compliance Review Division your response to this report. Because we faxed a copy of this report to your office on the date indicated above, we request your response no later than November 4, 2008. Please submit your response to the following address:

Compliance Monitoring Section
Compliance Review Division
722 Capitol Mall, MIC 22M
P.O. Box 826880
Sacramento, CA 94280-0001

Mr. Jason Buckingham

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October 6, 2008

In addition to mailing your response, you may also FAX it to the Compliance Monitoring Section at (916) 654-6096.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is the Golden Sierra's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain Golden Sierra's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Mr. Jim Tremblay at (916) 654-7825 or Ms. Carol Hammond at (916) 653-6633.

Sincerely,

A handwritten signature in black ink, appearing to read "Jessie Mar", written in a cursive style.

JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Division

cc: Linda Beattie, MIC 50
Jose Luis Marquez, MIC 50
Don Migge, MIC 50
Daniel Patterson, MIC 45